

Article 25 - Frequently Asked Questions about Real Estate Transfer Fees

What is a real estate transfer fee?

A real estate transfer fee (RETF) is a fee assessed on the transfer of title of real property. As proposed, the RETF is a one-time fee assessed at the time of transfer and is deposited into the Arlington Affordable Housing Trust Fund (AAHTF), adopted by the November 2020 Special Town Meeting. The Housing Plan Implementation Committee (HPIC) has proposed a RETF to create a sustainable, continuous, and dedicated revenue source for support the AAHTF.

What does Article 25 authorize?

Article 25 simply authorizes the submission of a Home Rule petition to the Legislature. Because there is no local option for Massachusetts cities and towns to adopt a real estate transfer fee, the Town must request authorization from the Legislature. Should Article 25 be approved by Town Meeting, Town staff and the HPIC members will work with Arlington's legislative delegation to file the Home Rule petition in the proper format for consideration by the Massachusetts State Legislature during the current two-year legislative session. Should the Legislature approve the Home Rule Petition, a local bylaw would have to be developed, adopted by Town Meeting, and ultimately approved by the Arlington voters via a ballot question.

How much is the fee and who sets it?

Article 25 seeks authorization of a range of 0.05% to 2.0% on the purchase price. Because assessing this type of fee requires a Home Rule petition, the HPIC believe that requesting authorization of a range will give the Select Board the most flexibility in setting the fee.

Is payment of the fee the responsibility of the buyer or the seller?

Article 25 seeks authorization to assess the fee on either the buyer, the seller, or allocated between both parties. It is written in this fashion to give the most flexibility to the Town when developing the bylaw should the Legislature approve the Home Rule petition.

Are there any exemptions?

There are a number of exemptions included in the Home Rule petition. Primarily, the fee is not assessed on transfers that are equal to or less than the statewide median single-family home price, which in 2020 was \$445,500. Other exemptions include: transfers between family members when the consideration paid is less than \$100; transfers between the federal government, the Commonwealth, the Town of Arlington, and the Arlington Housing Authority; transfers of deed restricted affordable housing; transfers to correct previous transfers; transfers in instances of foreclosure and divorce; among others. The Home Rule petition allows additional exemptions to be developed by local bylaw, but does not authorize the elimination of any exemptions identified in the Home Rule petition.

How much revenue could be raised?

The amount of revenue that could be raised is based on the fee and the threshold. The HPIC prepared the following chart to present the revenue that could be captured at different transaction thresholds and percentages based on the 2020 median statewide sale price (\$445,500), the 2020 median Arlington sale price (\$860,000), and transaction of one million dollars:

| Transaction Threshold | Total Value in Sales in 2020 | 0.05% | 0.5% | 1.0% | 2.0% |
|--------------------------------------|------------------------------|-----------|-------------|-------------|-------------|
| Greater than or equal to \$445,500 | \$453,341,983 | \$226,671 | \$2,266,710 | \$4,533,420 | \$9,066,840 |
| Greater than or equal to \$860,000 | \$265,484,487 | \$132,742 | \$1,327,422 | \$2,654,845 | \$5,309,690 |
| Greater than or equal to \$1,000,000 | \$162,009,056 | \$81,005 | \$810,045 | \$1,620,091 | \$3,240,181 |

What is the relationship with the AAHTF Action Plan?

The AAHTF Board of Trustees will undertake a public process this year to set their action plan once those trustees are appointed by the Select Board. With that public process, it is anticipated that the Board of Trustees would identify preliminary recommendations to the Select Board on the fee percentage, the responsible party or both, and further

Article 25 - Frequently Asked Questions about Real Estate Transfer Fees

exemptions. Should the Legislature approve the Home Rule petition, these recommendations will be the first step in developing a local bylaw that would have to be adopted by Town Meeting and ultimately approved in a local ballot. Additionally, in the development of the action plan, the Board of Trustees will consider other sources of revenue for the AAHTF as appropriate.

Where does the revenue from the fee go?

The home rule petition requires that the revenue raised through the real estate transfer fee would be deposited into the AAHTF. The Trust Fund's accounts are segregated from the Town's general fund. The Arlington Treasurer/Collector is the custodian of the funds, with whom the Board of Trustees are required to work with. The Trustees also work with the Arlington Comptroller. The books and records of the Trust are required to be audited annually by an independent auditor in accordance with accepted accounting practices and are available to the public. All funds, property and other assets will be accounted for by the Comptroller who shall issue quarterly reports to the Trustees, Select Board, Town Manager, and the Finance Committee, and in an annual report to the Town Meeting.

What if someone does not pay the fee?

The Home Rule petition allows the Town to use existing methods for collection and lien of any outstanding transfer fee payable to the Town.

What else would the Home Rule petition authorize?

The Home Rule petition provides the Town with the ability to, via bylaw, adopt additional requirements, exemptions, waivers, and regulations to implement or enforce the real estate transfer fee. The allowance to create a waiver process ensures that the special circumstances of any transaction might be considered by the Town, and the fee waived or reduced in some fashion.

Have other jurisdictions adopted a real estate transfer fee?

As of 2019, RETFs were assessed by 38 states, numerous counties, and jurisdictions, and the District of Columbia. A number of communities in the greater Boston area have submitted or plan to submit Home Rule petitions to establish a RETF for affordable housing, including Boston, Concord, Brookline, Somerville, Nantucket, and Provincetown. Additionally, the islands of Nantucket and Martha's Vineyard, have sought and received state legislative approval to impose an additional 2% transfer fee on the sale of real estate for the purpose of conserving/preserving open space from development.

Is there an effort to pass Local Option legislation?

Yes, the Real Estate Transfer Fee Coalition, an advocacy group consisting of organizations and community leaders from across the Commonwealth, came together to draft transfer fee consensus legislation. The Coalition worked with legislators in both the House and the Senate to file the Consensus Bill in both chambers this legislative session. [HD.1911](#) and [SD.565](#) were filed to create a local option allowing municipalities to establish a real estate transfer fee. The Home Rule petition is aligned with the local option legislation.

Where I can I learn more?

- The Arlington Housing Production Plan and Housing Plan Implementation Committee: <https://www.arlingtonma.gov/town-governance/boards-and-committees/housing-plan-implementation-committee>
- Real Estate Transfer Fee Coalition: <https://www.realestatetransferfee.org/>